

RESOLUTION NO. 147

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A MULTIFAMILY HOUSING REVENUE NOTE IN A PRINCIPAL AMOUNT NOT TO EXCEED FORTY-ONE MILLION DOLLARS (\$41,000,000) FOR THE PURPOSE OF MAKING A LOAN TO PROVIDE FINANCING TO KAPUNA APARTMENT ASSOCIATES, LP, A HAWAII LIMITED PARTNERSHIP, FOR THE ACQUISITION AND REHABILITATION OF A MULTIFAMILY RENTAL HOUSING DEVELOPMENT; DETERMINING AND PRESCRIBING CERTAIN OTHER MATTERS RELATING THERETO AND APPROVING AND AUTHORIZING RELATED ACTIONS AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND AGREEMENTS.

WHEREAS, Part III of Chapter 39 and Part III of Chapter 201H, Hawaii Revised Statutes, as amended, authorize the Hawaii Housing Finance and Development Corporation, a public body and a body corporate and politic of the State of Hawaii (the "Corporation") to issue bonds and other obligations to provide moneys to make mortgage loans available to assist in providing affordable housing;

WHEREAS, Kapuna Apartment Associates, LP, a Hawaii limited partnership (the "Borrower"), has applied to the Corporation for a mortgage loan (the "Loan") to assist the Borrower in acquiring, rehabilitating and equipping a 162-unit (including one manager's unit) multifamily residential rental housing development for seniors located in the City of Honolulu, Hawaii, known as Kapuna One Apartments (the "Project");

WHEREAS, to provide moneys to make the Loan to the Borrower to assist the Borrower in acquiring, rehabilitating and equipping the Project, the Board of Directors of the Corporation has determined to authorize the execution and delivery of a multifamily housing revenue note, in an aggregate principal amount not to exceed Forty-One Million Dollars (\$41,000,000) (the "Note"), and to pledge the revenues from the repayment of the Loan to the repayment of the Note;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Hawaii Housing Finance and Development Corporation as follows.

Section 1. Finding and Determination. It is hereby found and determined that it is necessary and desirable for the Corporation to provide a loan through the execution and delivery of the Note for the purpose of assisting the Borrower in acquiring, rehabilitating and equipping the Project.

Section 2. Authorization of the Note. To provide moneys with which to make the Loan there is hereby authorized the execution and delivery of the Note in an aggregate principal amount not to exceed Forty-One Million Dollars (\$41,000,000).

The Note shall have a final maturity date not exceeding 40 years from its date of execution and delivery. Principal of and interest on the Note shall be payable in lawful money of the United States of America.

In accordance with and subject to the provisions of this resolution, the Executive Director is hereby authorized to determine the form, dated date, interest rate or rates or manner of determining the interest rate or rates from time to time, interest payment dates, due dates for principal, prepayment provisions and all other details of the Note, subject to such specific limitations as are provided in this resolution and applicable law.

The Note shall be a special obligation of the Corporation and shall be payable as to principal and interest, and the obligations of the Corporation under the Funding Loan Agreement (as hereinafter defined) shall be paid and satisfied, solely from the rents, revenues, receipts and other assets derived from or related to the Loan, as more fully provided in the Funding Loan Agreement. The Note shall not be a general or moral obligation of the State of Hawaii or the Corporation or a charge on the general fund of the State and neither the full faith and credit of the State of Hawaii nor of the Corporation is pledged to the payment of the principal and interest in respect thereof. Neither the Note nor any of the Corporation's agreements or obligations with respect to the Note shall be construed to constitute a debt of the State of Hawaii or any political subdivision or body corporate and politic thereof, within the meaning of any Constitutional or

statutory debt limitation. The Note shall contain a recital that it is executed and delivered pursuant to Part III of Chapter 201H, and Part III of Chapter 39, Hawaii Revised Statutes.

Section 3. Execution and Form of Note. The Note shall be lithographed or engraved, shall bear the manual or facsimile signature of the Chairperson or Executive Director and Secretary and shall be sealed with the seal or a lithographed or engraved facsimile seal of the Corporation and shall be countersigned with a lithographed or engraved facsimile signature of the Director of Finance of the State of Hawaii, provided, however, the Executive Director may, with the approval of the Governor of the State (the "Governor"), provide for the Note to be issued in typewritten, printed or other reproduced form and that the signature of the Director of Finance may be a manual signature.

Section 4. Execution and Delivery of Note. The Executive Director is authorized to provide for the execution and delivery of the Note to JLL Real Estate Capital, LLC, a Delaware limited liability company (or an affiliate) (the "Initial Funding Lender"), in a private placement transaction, upon such terms and conditions as the Executive Director determines, with the approval of the Governor.

Section 5. Approval of Funding Loan Agreement and Project Loan Agreement. To provide for the details of and to prescribe the terms and conditions upon which the Note is to be executed, delivered and secured, the covenants of the Corporation with the owners of the Note and the terms and conditions upon which the Loan to be financed with proceeds of the Note is to be made, the Executive Director is hereby authorized and directed to execute and deliver a Funding Loan Agreement among the Corporation, the Initial Funding Lender and Wilmington Trust, National Association, as fiscal agent (the "Fiscal Agent") (the "Funding Loan Agreement"), and a Project Loan Agreement among the Corporation, the Borrower and the Fiscal Agent (the "Project Loan Agreement"). Such Funding Loan Agreement and Project Loan Agreement shall be in substantially the forms thereof presented at this meeting, in each case with such changes as the Executive Director may approve, the execution thereof by the Executive Director to constitute conclusive evidence of such approval of all such changes.

Section 6. Approval of Regulatory Agreement. To establish the regulations concerning the development, use and operation of the Project by the Borrower, the Executive Director is hereby authorized and directed to execute and deliver a Regulatory Agreement, Declaration of Restrictive Covenants (the "Regulatory Agreement") among the Corporation, the Borrower and the Fiscal Agent, in substantially the form of such Regulatory Agreement presented at this meeting with such changes as the Executive Director may approve, the execution thereof to constitute conclusive evidence of such approval of all such changes.

Section 7. Prior Actions Ratified and Confirmed. The actions of the officers of the Corporation in doing any and all acts necessary in connection with the execution, delivery and sale of the Note and the making of the Loan are hereby ratified and confirmed.

Section 8. Further Actions Authorized. The proper officers, agents and employees of the Corporation are hereby authorized, empowered and directed to do all such acts and things and to execute and deliver all such documents, including but not limited to a tax certificate, loan related documents, an assignment of deed of trust, an endorsement, allonge or assignment of any note and such other documents as described in the Funding Loan Agreement and the other documents herein approved, as may be necessary in connection with the execution and delivery of the Note and the making of the Loan, including impressing the seal of the Corporation on any document or instrument and attesting the same.

Section 9. Resolutions Repealed. All prior resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby superseded, amended and/or replaced by the terms of this Resolution.

Section 10. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any remaining provisions of this resolution.

Section 11. Effective Date. This resolution shall take immediate effect from and after its adoption. Notwithstanding the foregoing, the Note shall not be executed and delivered prior to the approval of the provisions hereof and of the Funding Loan Agreement by the Governor,

and the filing of this resolution in the office of the Director of Finance together with an opinion of the Attorney General of the State as to certain matters relating to the Note and an executed copy of the Funding Loan Agreement.

The undersigned hereby certify that the foregoing Resolution was duly adopted by the Directors of the Hawaii Housing Finance and Development Corporation on September 10, 2020.


DONN MENDE, Chair

Gary Mackler
GARY MACKLER, Vice Chair

Rona Fukumoto
RONA FUKUMOTO, Secretary

Mel Kahele
MELVIN KAHELE, Director

George Atta
GEORGE ATTA, Director

Carol Reimann
CAROL REIMANN, Director

CRAIG HIRAI, Director


for MIKE MCCARTNEY, Director

Kymerly Sparlin
KYMBERLY SPARLIN, Director

FOR ACTION

I. REQUEST

Approve resolution No. 147, Authorizing the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Kapuna One Apartments Project Located in Honolulu, Oahu, TMK No.: (1) 1-6-007-104

II. FACTS

Project Information:

Project Name:	Kapuna One Apartments		
Awardee:	Kapuna Apartment Associates, LP		
TMK and Location:	TMK No.: (1) 1-6-007-104 1015 North School St. Honolulu, HI 96817		
Land Tenure:	Fee Simple		
Project Type:	Existing Building used for housing		
Target Population:	Elderly		
Length of Affordability:	47 Years		
Affordability Restrictions:	161 units @ 60% AMGI 1 Manager's unit 162 Total Units		
Projected Unit and Rent Mix:	Units	Unit Type	Rent / Mo.*
	161	1-Bedroom Unit	\$1,900
	1	1-Bedroom Manager's Unit	N/A
	*Includes Rent Subsidy and Net of Utility Allowance		
Estimated Completion:	First Building – N/A (one building) Project Completion (Last Building) – December 2021		
Type of Construction:	One 9-story residential tower. Reinforced footings on pile foundation with reinforced concrete shear walls and CMU dividing walls. Built up roof system with fluid applied coating.		
Amenities and Services:	Project amenities: picnic area, community room, laundry room, and elevator. Unit amenities: range, refrigerator, and disposal.		
Floor Area:	87,156 sq. ft. Residential Area 2,073 sq. ft. Common Area 89,229 sq. ft. Total		
Developer:	Kapuna Apartment Associates, LP Contact – Gary Grant 136 Heber Ave., Suite 308 Park City, UT 84060 (435) 631-2135		
Contractor:	DeSola General Services Group, LLC Contact – Declan Kenny 136 Heber Ave., Suite 308 Park City, UT 84060 (435) 631-2135		

<i>Property Manager:</i>	Sage Apartment Communities Contact – Julie Rodriguez 18006 Sky Park Circle, Ste. 200 Irvine, CA 92614 (949) 757-1330
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- A. The Hula Mae Multi-Family (HMMF) Bond Program is a federally authorized program that allows the Hawaii Housing Finance and Development Corporation (HHFDC) to issue tax-exempt revenue bonds to finance the acquisition and rehabilitation or development of privately owned affordable rental projects. Under the HMMF Bond Program, HHFDC can issue tax-exempt revenue bonds to provide below market financing to private developers or owners of affordable rental units. HHFDC acts as the conduit for the financing by issuing bonds, however, all repayment obligations are the responsibility of the developer or owner requesting such financing.
- B. On February 13, 2020, HHFDC’s Board of Directors approved the following for the benefit of the Kapuna One Apartments (Project):
1. Intended tax-exempt issuance of up to \$41,000,000 from the HMMF Bond Program (Resolution No. 139); and
 2. \$2,196,864 in annual Federal Low Income Housing Tax Credits (LIHTC) over a 10-year period and \$2,196,864 annual State LIHTC over a 5-year period from the non-volume cap pool (4% LIHTC).
- C. On April 27, 2020, the Governor provided preliminary approval to issue approximately \$41,000,000 in revenue bonds for the Project.
- D. Available authority under the HMMF Bond Program as of August 31, 2020, is summarized below:

HMMF Program Bond Authority	\$ 1,500,000,000
Less: Bonds Issued to Date (44)	932,231,111
<u>Less: HMMF Pending Issuance (13)</u>	<u>418,581,721</u>
Uncommitted HMMF Program Bond Authority	\$ 149,187,168

III. DISCUSSION

- A. The Project is an existing 162-unit (including 1-manager’s unit) tax-exempt bond (City and County of Honolulu) and 4% LIHTC rental housing facility targeted for elderly households with project-based Section 8 rental subsidy for all units. Current LIHTC restrictions expire on December 31, 2027. Current bond restrictions and the Section 8 rental subsidy contract expire on August 31, 2037. Improvements consist of one (1) 9-story residential building.
- B. Kapuna One Apartments (Awardee) is a single asset, real estate holding company, specifically established to acquire, rehabilitate, and operate the Project. The General Partner of the Awardee is Kapuna Apartment Associates GP, LLC, with DeSola Capital Group, LLC as its sole member. Gary Grant controls DeSola Capital Group, LLC through a trust.
1. Gary Grant is an experienced affordable housing developer with a concentration in acquisition and rehabilitation projects throughout the United States.

2. Gary Grant has a 100% ownership interest Desola General Services Group, LLC, the Project's intended general contractor, and a 40% ownership interest in Sage Apartment Communities, the Project's intended project manager.
3. Brian Fitterer has a 60% ownership interest in Sage Apartment Communities. Brian Fitterer also has an ownership interest in the Project seller but will not have an ownership interest in the Awardee.

C. The proposed Financing Structure is as follows:

Source	Interim	Permanent
Sponsor Equity	\$ 10,000	\$ 10,000
LIHTC Equity	5,001,995	25,009,976
HMMF Bond – JLL	41,000,000	41,000,000
Subordinate Loan – PNC	18,160,000	0
Deferred Developer Fee	5,075,812	3,811,022
Other Deferred Costs	583,191	0
Total	\$ 69,830,998	\$ 69,830,998

D. The proposed Project Budget and Use of Funds is as follows:

Budget/Cost Item	Amount	Per Square Foot	%
Acquisition	\$ 44,600,000	\$ 499.84	63.87
Construction – Sitework	0	0.00	0.00
Construction – Vertical	8,100,000	90.78	11.60
Construction – Contractor Profit	1,129,950	12.66	1.62
Interim & Soft Costs	3,511,144	39.35	5.03
Financing & Syndication Costs	4,803,724	53.84	6.88
Developer's Fee	5,075,812	56.88	7.27
Developer's Overhead	600,000	6.72	0.86
Project Reserves	937,373	10.51	1.34
Contingency	1,072,995	12.02	1.53
Total	\$ 69,830,998	\$ 782.60	100.00

E. The Project's estimated construction timeline is as follows:

1. Building Permits – August 2020
2. Construction Start Date – October 2020
3. First Building Completion – N/A (one building)
4. Project Completion (Last Building) – December 2021

- F. The HMMF bond is a private placement with JLL Capital Markets through Freddie Mac's Immediate Moderate Rehabilitation Tax Exempt Loan Program.
- G. Awardee expects the HMMF bond issuance amount to fund over 50% of the Project's anticipated basis for acquisition, land, and construction costs. This qualifies the Project to receive federal 4% LIHTC along with the corresponding state LIHTC.
- H. HHFDC conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing on Thursday, July 30, 2020, remotely by conference call (toll-free call-in number: (888) 482-3560; participant code: 5870602). Patrick Inouye (Hearings Officer) conducted the hearing.
 - 1. Two (2) members of the general public attended the TEFRA hearing. One (1) represented a developer.
 - 2. HHFDC did not receive any testimony.
- I. Resolution No. 147 satisfies the requirement to accomplish the HMMF Bond sale and allow staff to complete the Bond sale (Exhibit D).

Resolution No. 147:

- 1. Authorizes the issuance, sale, and delivery of mortgage revenue bonds in a principal amount not to exceed \$41,000,000 for the purpose of making a mortgage loan to provide financing to the Awardee for the Kapuna One project;
- 2. Determines and prescribes certain other matters relating thereto; and
- 3. Approves and authorizes related actions and the execution and delivery of related documents and agreements.

IV. RECOMMENDATION

That the HHFDC Board of Directors approve the following:

- A. Resolution No. 147, attached as Exhibit D, which authorizes a tax-exempt issuance of up to \$41,000,000 from the HMMF Bond Program, subject to the provisions and conditions recommended in Exhibit C.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Attachments: Exhibit A - Project Summary
 Exhibit B - Project Location Map and Pictures
 Exhibit C - Provisions and Conditions to Resolution No. 147
 Exhibit D - Resolution No. 147

Prepared by: Patrick Inouye, Finance Specialist

Reviewed by: for Darren K. Ueki, Finance Manager

Approved by The Board of Directors at its meeting
SEP 10 2020
on _____

For Action – September 10, 2020

FINANCE BRANCH

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Please take necessary action.

EXECUTIVE DIRECTOR

HHFDC FINANCING:

LIHTC AWARD: (per unit)	Federal:	\$2,196,864	State:	\$2,196,864
	(over 10-years)	\$13,645	(over 5-years)	\$13,645

RHRF AWARD:	Up To:	N/A
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HMMF AWARD:	Up To:	\$41,000,000
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SITE WORK COST (EXIST BLGD HSG):	Total:	Per Unit:	PSF:	PSF Avg:*
	\$0	\$0	\$0.00	Avg.: \$3.55
				Low: \$0.00
				High: \$9.64
VERTICAL COSTS (EXIST BLGD HSG):	Total:	Per Unit:	PSF:	PSF Avg:*
	\$8,100,000	\$50,000	\$90.78	Avg.: \$84.81
				Low: \$74.57
				High: \$90.78
CONTRACTOR PROFIT (EXIST BLGD HSG):	Total:	Per Unit:	PSF:	PSF Avg:*
	\$1,129,950	\$6,975	\$12.66	Avg.: \$12.29
				Low: \$11.66
				High: \$12.66
CONSTRUCTION COST (EXIST BLGD HSG):	Total:	Per Unit:	PSF:	PSF Avg:*
	\$9,229,950	\$56,975	\$103.44	Avg.: \$100.65
				Low: \$95.87
				High: \$103.44

* Cost Average based on 2019 Applicant Cost for Existing Bldg. used for housing.

PROJECT COST:	Total:	\$70,173,674	Per Unit:	\$433,171	PSF:	\$786.44
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FINANCING AND COSTS:

1. HMMF Bonds and LIHTC provide the primary financing support for the Project.
2. \$41,000,000 projected permanent HMMF Bond amount (supported by a letter of interest from JLL Capital Markets).
 - a. Awardee anticipates coverage of no less than 1.15x over a 35-year amortization period at 2.89%.
 - b. Breakeven (1.00x DSR) prompted by: (i) increase in interest rate to 4.93%; (ii) increase in vacancy to 21.80%; or (iii) decrease in average rents to \$1,562 from \$1,900 per unit.
 - c. Loss of HUD Section 8 project-based rent subsidy prompts downside breakeven (0.69x DSR).
3. Award of \$2,196,864 in Federal LIHTC over 10-years and \$2,196,864 over 5-years in State LIHTC.
 - a. Awardee projects a blended investment rate of about \$0.80/LIHTC (supported by a letter of interest from PNC Bank, National Association).

EXHIBIT A

- b. Anticipated eligible basis of \$63,106,612, 130% DDA boost (on rehabilitation work), and an applicable percentage of 3.18% supports a slightly lower anticipated issuance of \$2,093,094 in Federal LIHTC over 10-years and \$2,093,094 in State LIHTC over 5-years.
 - c. The layering gap of \$25,009,976 supports the anticipated LIHTC issuance amount based on the projected investment rate.
- 4. PNC Bank, National Association also providing a \$18,160,000 interim bridge loan repaid by permanent LIHTC equity.
- 5. \$9,229,950 rehabilitation budget supported by the Capital Needs Assessment submitted with the Consolidated Application.
 - a. Major rehabilitation items are: re-piping (\$1,545,543); painting (\$1,185,588); roofing (\$1,046,480); and flooring/cabinets/appliances (\$1,201,347).
 - i. Anticipated contractor's profit, overhead, and general requirements is 13.95% of hard construction costs, in line with the 14.00% HUD Ceiling Standard.
 - b. \$1,072,995 contingency is 11.63% of construction costs and 4.25% of total development costs (less acquisition costs).
 - i. Awardee is deferring all Developer Fees during construction. Correspondingly, Developer Fees do not supplement contingency.
 - ii. Contingency can absorb a construction cost increase up to \$115.47 psf from \$103.44 psf.

DEMAND:

- 1. Market Study submitted in the application indicates satisfactory demand for the project.

FEASIBILITY:

- 1. Project is feasible and the assumptions are reasonable.

EXHIBIT A

PROJECT MAP & PICTURES:

Kapuna One Apartments
1015 N. School Street
Honolulu, HI 96817
TMK No.: (1) 6-7-007: 014

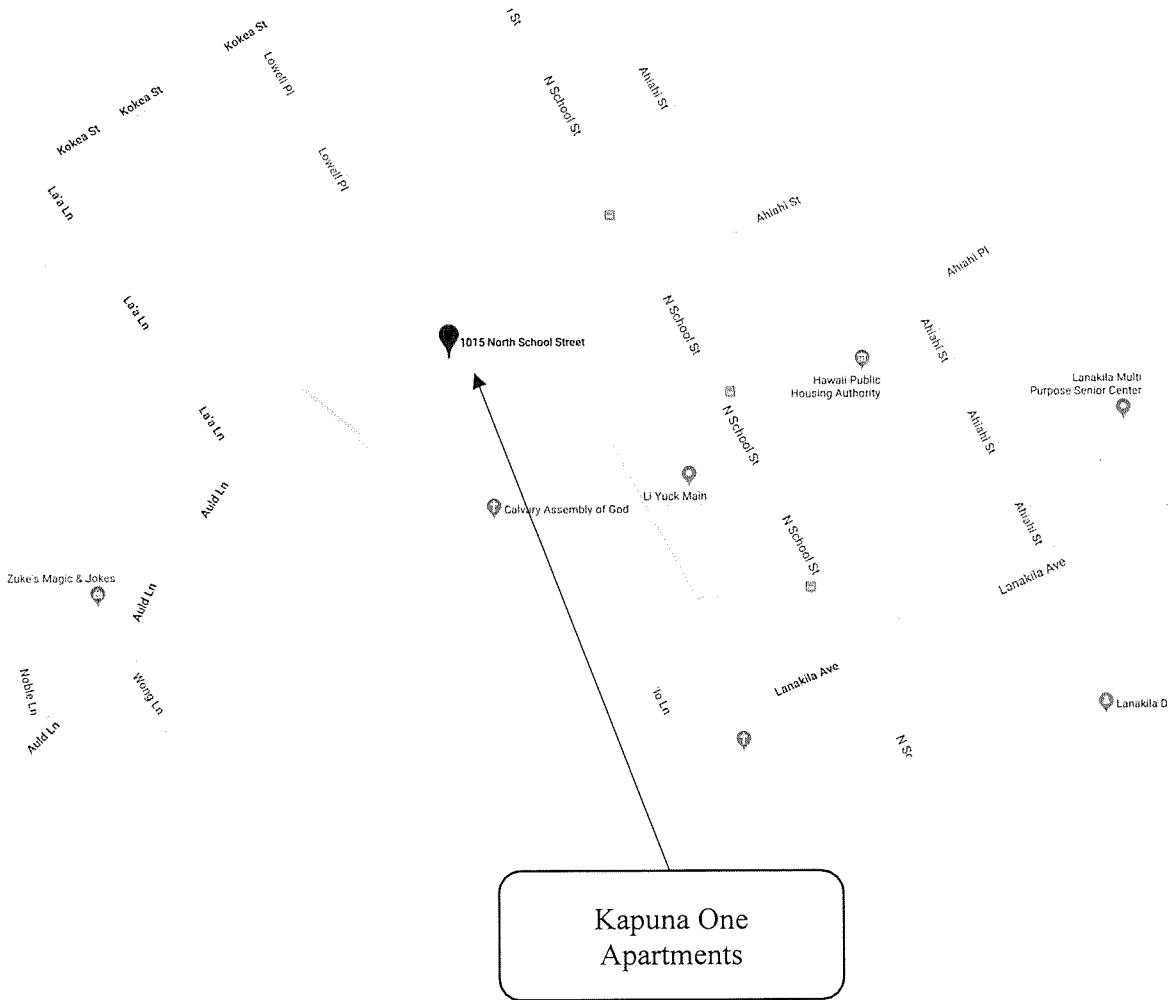




EXHIBIT B

PROVISIONS AND CONDITIONS APPLICABLE TO
RESOLUTION NO. 147

The following general provisions apply to the approval of Resolution No. 147:

1. The awardee is responsible for all legal fees and expenses incurred by HHFDC for the issuance of Hula Mae Multi-Family bonds and all legal fees and expenses shall be due and payable at the time of closing of the Hula Mae Multi-Family Bonds. If the Hula Mae Multi-Family Bonds do not close, the awardee shall reimburse HHFDC for all legal fees and expenses incurred on behalf of this transaction.
2. Any change in the ownership structure of the project is subject to approval by the HHFDC.
3. Owner agrees to and shall defend and indemnify the HHFDC from all litigation that may arise out of its participation in this project. The owner shall pay all fees and costs incurred by HHFDC arising out of any litigation.
4. Owner must have fee simple or leasehold (corresponding to the HHFDC Board approval) ownership of the project site that adequately satisfies the approved affordability commitments of the project.
5. The owner shall commit the project and the land underlying the project to the requirements of: (i) Sections 141 through 147 of the Internal Revenue Code and (ii) HHFDC's Hula Mae Multi-Family Bond program. If the fee simple land owner is different from the project owner, both the project owner and the fee simple land owner (except for federal, state, or county government agencies) shall commit their respective interests in the project and the land underlying the project to the requirements of: (i) Sections 141 through 147 of the Internal Revenue Code and (ii) HHFDC's Hula Mae Multi-Family Bond program. The project owner and the fee simple land owner, as applicable, shall execute and record a Regulatory Agreement and Declaration of Restrictive Covenants for the Hula Mae Multi-Family Bond program, reflecting the Internal Revenue Code and program commitments.
6. Owner shall consult with HHFDC and receive prior written approval from the Executive Director or a designated representative in order to make any changes to the project or application as proposed.
7. The owner shall comply with the requirements of all municipal, state, and federal authorities and observe all municipal, state, and federal laws including but not limited to:
 - a. The Fair Housing Act;
 - b. Chapter 343, Hawaii Revised Statutes ("HRS"), relating to environmental impact statements;
 - c. Chapter 103-50, HRS, relating to accessibility requirements;
 - d. Chapter 103D, HRS, relating to the Hawaii Public Procurement Code; and
 - e. Chapter 104, HRS, relating to wage and hour requirements applicable to the project and the use of State Funds.

EXHIBIT C

8. The State of Hawaii's Disability and Communication Access Board (DCAB) shall review the project's final plans and specifications and HHFDC shall receive DCAB's "Final Document Review Letter" indicating that the documents appear to meet the requirements of the Uniform Federal Accessibility Standards (UFAS) or the American Disability Act Accessibility Guidelines (ADAAG) prior to the commencement of construction.
9. Owner shall ensure that HHFDC receives the final as-built drawings and specifications for the project.
10. The owner agrees to provide a written quarterly status report as to the progress of the project during predevelopment, construction, and lease-up. The quarterly status report is due on the last working day of March, June, September, and December.
11. Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project Management Fees, for the project shall not exceed \$5,675,812.
12. The owner shall not pay or disburse Developer Fees until satisfactory project completion. The owner agrees that the Developers Fees shall be made available as contingency until satisfactory project completion, should the need arise.
13. The owner is responsible for payment of all Compliance Monitoring fees.
14. Owner agrees to provide HHFDC with an independent annual financial and compliance audit in addition to all other documents that may be required under the LIHTC program. Such audit shall include an accounting of the Replacement Reserve and Residual Receipt accounts.
15. Owner and the fee simple owner of the land underlying the project shall pledge their respective real estate interest in the Project to the LIHTC and HMMF affordability commitments approved by the HHFDC Board of Directors for the Project.
16. The owner agrees to comply with any other terms and conditions that the Executive Director or a designated representative may require.
17. Project owner agrees and acknowledges that it shall not use the approval of Resolution No. 147 or the reservation of Low Income Housing Tax Credits as an endorsement of the project by the State of Hawaii or as an inducement in seeking other required regulatory approvals.

EXHIBIT C

RESOLUTION NO. 147

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A MULTIFAMILY HOUSING REVENUE NOTE IN A PRINCIPAL AMOUNT NOT TO EXCEED FORTY-ONE MILLION DOLLARS (\$41,000,000) FOR THE PURPOSE OF MAKING A LOAN TO PROVIDE FINANCING TO KAPUNA APARTMENT ASSOCIATES, LP, A HAWAII LIMITED PARTNERSHIP, FOR THE ACQUISITION AND REHABILITATION OF A MULTIFAMILY RENTAL HOUSING DEVELOPMENT; DETERMINING AND PRESCRIBING CERTAIN OTHER MATTERS RELATING THERETO AND APPROVING AND AUTHORIZING RELATED ACTIONS AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND AGREEMENTS.

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WHEREAS, Kapuna Apartment Associates, LP, a Hawaii limited partnership (the "Borrower"), has applied to the Corporation for a mortgage loan (the "Loan") to assist the Borrower in acquiring, rehabilitating and equipping a 162-unit (including one manager's unit) multifamily residential rental housing development for seniors located in the City of Honolulu, Hawaii, known as Kapuna One Apartments (the "Project");

WHEREAS, to provide moneys to make the Loan to the Borrower to assist the Borrower in acquiring, rehabilitating and equipping the Project, the Board of Directors of the Corporation has determined to authorize the execution and delivery of a multifamily housing revenue note, in an aggregate principal amount not to exceed Forty-One Million Dollars (\$41,000,000) (the "Note"), and to pledge the revenues from the repayment of the Loan to the repayment of the Note;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Hawaii Housing Finance and Development Corporation as follows.

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Section 2. Authorization of the Note. To provide moneys with which to make the Loan there is hereby authorized the execution and delivery of the Note in an aggregate principal amount not to exceed Forty-One Million Dollars (\$41,000,000).

The Note shall have a final maturity date not exceeding 40 years from its date of execution and delivery. Principal of and interest on the Note shall be payable in lawful money of the United States of America.

In accordance with and subject to the provisions of this resolution, the Executive Director is hereby authorized to determine the form, dated date, interest rate or rates or manner of determining the interest rate or rates from time to time, interest payment dates, due dates for principal, prepayment provisions and all other details of the Note, subject to such specific limitations as are provided in this resolution and applicable law.

The Note shall be a special obligation of the Corporation and shall be payable as to principal and interest, and the obligations of the Corporation under the Funding Loan Agreement (as hereinafter defined) shall be paid and satisfied, solely from the rents, revenues, receipts and other assets derived from or related to the Loan, as more fully provided in the Funding Loan Agreement. The Note shall not be a general or moral obligation of the State of Hawaii or the

EXHIBIT D

Corporation or a charge on the general fund of the State and neither the full faith and credit of the State of Hawaii nor of the Corporation is pledged to the payment of the principal and interest in respect thereof. Neither the Note nor any of the Corporation's agreements or obligations with respect to the Note shall be construed to constitute a debt of the State of Hawaii or any political subdivision or body corporate and politic thereof, within the meaning of any Constitutional or statutory debt limitation. The Note shall contain a recital that it is executed and delivered pursuant to Part III of Chapter 201H, and Part III of Chapter 39, Hawaii Revised Statutes.

Section 3. Execution and Form of Note. The Note shall be lithographed or engraved, shall bear the manual or facsimile signature of the Chairperson or Executive Director and Secretary and shall be sealed with the seal or a lithographed or engraved facsimile seal of the Corporation and shall be countersigned with a lithographed or engraved facsimile signature of the Director of Finance of the State of Hawaii, provided, however, the Executive Director may, with the approval of the Governor of the State (the "Governor"), provide for the Note to be issued in typewritten, printed or other reproduced form and that the signature of the Director of Finance may be a manual signature.

Section 4. Execution and Delivery of Note. The Executive Director is authorized to provide for the execution and delivery of the Note to JLL Real Estate Capital, LLC, a Delaware limited liability company (or an affiliate) (the "Initial Funding Lender"), in a private placement transaction, upon such terms and conditions as the Executive Director determines, with the approval of the Governor.

Section 5. Approval of Funding Loan Agreement and Project Loan Agreement. To provide for the details of and to prescribe the terms and conditions upon which the Note is to be executed, delivered and secured, the covenants of the Corporation with the owners of the Note and the terms and conditions upon which the Loan to be financed with proceeds of the Note is to be made, the Executive Director is hereby authorized and directed to execute and deliver a Funding Loan Agreement among the Corporation, the Initial Funding Lender and Wilmington Trust, National Association, as fiscal agent (the "Fiscal Agent") (the "Funding Loan Agreement"), and a Project Loan Agreement among the Corporation, the Borrower and the Fiscal Agent (the "Project Loan Agreement"). Such Funding Loan Agreement and Project Loan Agreement shall be in substantially the forms thereof presented at this meeting, in each case with such changes as the Executive Director may approve, the execution thereof by the Executive Director to constitute conclusive evidence of such approval of all such changes.

Section 6. Approval of Regulatory Agreement. To establish the regulations concerning the development, use and operation of the Project by the Borrower, the Executive Director is hereby authorized and directed to execute and deliver a Regulatory Agreement, Declaration of Restrictive Covenants (the "Regulatory Agreement") among the Corporation, the Borrower and the Fiscal Agent, in substantially the form of such Regulatory Agreement presented at this meeting with such changes as the Executive Director may approve, the execution thereof to constitute conclusive evidence of such approval of all such changes.

Section 7. Prior Actions Ratified and Confirmed. The actions of the officers of the Corporation in doing any and all acts necessary in connection with the execution, delivery and sale of the Note and the making of the Loan are hereby ratified and confirmed.

Section 8. Further Actions Authorized. The proper officers, agents and employees of the Corporation are hereby authorized, empowered and directed to do all such acts and things and to execute and deliver all such documents, including but not limited to a tax certificate, loan related documents, an assignment of deed of trust, an endorsement, allonge or assignment of any note and such other documents as described in the Funding Loan Agreement and the other documents herein approved, as may be necessary in connection with the execution and delivery of the Note and the making of the Loan, including impressing the seal of the Corporation on any document or instrument and attesting the same.

EXHIBIT D

Section 9. Resolutions Repealed. All prior resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby superseded, amended and/or replaced by the terms of this Resolution.

Section 10. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any remaining provisions of this resolution.

Section 11. Effective Date. This resolution shall take immediate effect from and after its adoption. Notwithstanding the foregoing, the Note shall not be executed and delivered prior to the approval of the provisions hereof and of the Funding Loan Agreement by the Governor, and the filing of this resolution in the office of the Director of Finance together with an opinion of the Attorney General of the State as to certain matters relating to the Note and an executed copy of the Funding Loan Agreement.

The undersigned hereby certify that the foregoing Resolution was duly adopted by the Directors of the Hawaii Housing Finance and Development Corporation on September 10, 2020.

Donn Mende, Chair

Gary Mackler, Vice Chair

Rona Fukumoto, Secretary

Carol Reimann, Director

Melvin Kahele, Director

George Atta, Director

Craig Hirai, Director

Mike McCartney, Director

Kymberly Sparlin, Director